

**MAYOR AND COUNCIL STRATEGIC FOCUS AREA SUBCOMMITTEE
RIO NUEVO/DOWNTOWN, ARTS, CULTURE AND HISTORY
ADMINISTRATIVE ACTION REPORT AND SUMMARY**

Thursday, February 21, 2008

Vice Mayor Trasoff called the meeting to order at 5:02 p.m. in the Mayor & Council Chambers of City Hall, 255 W. Alameda, 1st Floor, in Tucson, Arizona.

COUNCIL MEMBERS PRESENT: Vice Mayor Nina Trasoff, Chair
Council Member Regina Romero, Ward 1
Council Member Steve Leal, Ward 5 (left at 6:29 p.m.)

STAFF LIAISON FOR THE MEETING: Richard Singer, Tucson Convention Center Director

AGENDA ITEM/MAYOR AND COUNCIL ACTION	STAFF ACTION
1. Call to Order Vice Mayor Trasoff called the meeting to order at 5:02 p.m.	
2. Call to the Audience Michael Toney spoke on the Housing Authority's use of City-owned property.	
3. MTCVB Presentation Jonathan Walker, Rick Vaughan and Felipe Garcia from the Metropolitan Tucson Convention & Visitor's Bureau presented on what their organization is doing to promote downtown and Tucson in general.	
8. Downtown Neighborhoods Tax Relief Program Update and Recommended Enhancements Call to the Audience (was continued) Several people from Casa Maria were in attendance. Brian Flagg, Adriana Nunez, Minnie Alvares, Daniel Gamez Garcia and Father Romo spoke in support of affordable housing, fairness and justice for poor families, their desire for the City to designate 20% of downtown housing affordable and low income and equitable treatment for long-time residents. Following a bilingual dialog between the audience and Subcommittee Emily Nottingham, the City's Community Services Director presented. After providing a brief background on the program, she presented four recommendations to increase eligibility and participation in the Rio Nuevo Property Tax Assistance Program.	

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<ol style="list-style-type: none"> 1. Increase the number of downtown households who can apply for City assistance, by increasing the program eligibility requirements from 80% of area median income to 100% of area median income. This is \$41,900 for a family of two or \$52,400 for a family of four. 2. Simplify the City program by replacing the complex formula currently used to determine benefit with a yearly reimbursement of the increase in the City's portion of the property tax with 2004 as the baseline tax year. The program would be evaluated after a five (5) year term for neighborhood and fiscal impact. 3. Help downtown residents complete multiple application processes for assistance using a combination of City staff and neighborhood representatives whom are paid a stipend to promote available resources and the Rio Nuevo Tax assistance Program in the neighborhoods. 4. Create a better understanding of all the assistance available through City and County programs with increased marketing of clear and consolidated program information. <p>Council Member Romero moved to:</p> <ul style="list-style-type: none"> - Approve Recommendations 1, 3 and 4. - On Recommendation 2, staff was asked to determine whether the existing formula or the new formula yielded a greater return to the homeowner and that staff use the formula which provided the greater amount. Staff will review the formulas prior to going to the full Mayor and Council April. <p>Council Member Leal seconded the motion. Motion passed unanimously (3 to 0).</p>	<p><u>DIRECTOR OF COMMUNITY SERVICES is responsible</u></p>
<p>7. Gadsden Company Presentation of Vision For West Side Acreage and Staff Recommendation to Award Development Rights</p> <p>Ms. Nottingham provided a brief chronology on the project and stated that the selection committee included three representatives from the Menlo Park neighborhood and four representatives from the City of Tucson.</p> <p>Jerry Dixon from the Gadsden Company provided a presentation on his proposed project. He proposes to build a walkable community, with sustainable design principles, a linear park along the Santa Cruz River, a 125-room boutique hotel, 130,000 sf of commercial space, including a</p>	

AGENDA ITEM /MAYOR AND COUNCIL ACTION

STAFF ACTION

public market, 400 housing units, 900 jobs, 901 stall parking garage, a child care center and shopping and entertainment. Thirty-five percent of the housing units would be income restricted/workforce housing (or 80-125% medium income) and 5% would be low income. Funding for the low-income housing would come from instituting a 1% transfer fee on all housing units that are not income restricted. He estimates the fee will initially generate \$1.5 million for the Tucson Housing Trust Fund and each time the house is sold, it will generate an additional 1%.

Council Members Leal and Romero supported finding ways to add more affordable housing downtown. Council Member Leal commented that the 1% transfer fee mechanism is powerful and should be applied on other downtown projects and he supports the City's participation by negotiating on land so that everything is distributed evenly. Vice Mayor Trasoff commented that there needs to be a balance and that the project needs to be viable. The developer is adding to the project by bringing 900 jobs to the area and he has voluntarily submitted the 1% transfer fee idea which will add money to the Tucson Housing Fund which will help build more affordable housing. She said it's a community-wide issue and reminded everyone that that Depot Plaza is also an affordable housing project. Last, she wanted to make sure that the land doesn't transfer until the developer performs and meets certain criteria and that all of the 14 acres don't get transferred at once.

Council Member Leal commented that the developer was unaware of the Empowerment and Enterprise Zones and Rio Nuevo needs to build this in their mind set. He also requested staff to conduct an inventory for the area from Speedway to 22nd Street to see how many affordable and workforce units are needed, whether the needs are being met, and whether those numbers are consistent with the rest of the community. Vice Mayor Trasoff said she'd also need to know how many people qualify for affordable housing downtown, what is the stock, and how much more is needed.

The Subcommittee directed staff to

- Proceed with development agreement negotiations with Gadsden and to bring the agreement forward for full Mayor & Council within the next 60 days. Staff will issue a letter to Gadsden making contingent award of development rights, which is necessary for Gadsden to file a New Markets Tax Credit application in support of certain elements of their project.
- Conduct an inventory of downtown affordable housing, determine the value of the land and create as many affordable housing units in the project as possible.

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COMMUNITY
SERVICES
DIRECTORS are
responsible

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<p>- Have someone from the TREO office meet the developer to obtain more detailed on the Empowerment and Enterprise Zones. Council Member Leal left the meeting at 6:29 p.m.</p>	
<p>6. Report from Bourn Partners Regarding The Post Construction Schedule</p> <p>Don Bourn presented. Originally the project was to have 6 floors with 52 housing units, one level of retail/restaurant space, five levels of residential condominiums, and one level of underground parking and it included the Indian Trading Post and 20 E. Congress that was purchased separately. Construction drawings are complete, entitlements are in place, 50% of the building is committed to unit purchasers (binding contracts, fully non-refundable), the bank loan is in place, the required equity is in place subject to final construction costs (over \$10 million) and \$2 million has been invested in the project. However, there are complexities. It is the first multi-story urban residential project in years. Costs have exceeded estimates due to rising construction prices. Downtown construction is more complex compared to typical Tucson construction. The project is already \$1.5 over budget and they are working to bring budget into line. Their solution is to not ask the City for economic incentives, reduce the construction price by \$500,000, consider operating 2-3 floors as a small boutique hotel (but still sell condominiums units with the units being managed by a hotel management company). They see the benefits as potentially more income to unit holders, a better amenity package for condo owners, less on-site parking required for hotel units, more business opportunities for ground floor restaurants and retail, and it acts as a traffic generator and additional anchor for the Congress Street Entertainment District.</p> <p>Council Member Romero asked if the parking issue were resolved, how long would it take to start construction? Mr. Bourn responded 60 days with no unforeseen issues. He said underground parking is expensive (about \$40,000/space) and it uses up valuable building space. He owns a parking garage 1-1/2 blocks away and valet parking could be provided.</p> <p>Council Member Romero moved to schedule the condo/hotel concept and modification in the agreement for greater flexibility with regarding to the parking on next week's full Mayor and Council agenda. Mr. Bourn is to return to the subcommittee in April or May with an update and if the project is not under construction by then, the City should start talking about taking the land back. Vice Mayor Trasoff seconded the motion.</p>	<p><u>DOWNTOWN DEVELOPMENT DIRECTOR is responsible.</u></p>

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<p>Motion passed unanimously (2 to 0).</p>	
<p>7. Project Updates No action was taken on this item.</p>	
<p>8. Future Agenda Items No action was taken on this item</p>	
<p>9. Discussion of a Memorandum of Understanding for Pre-Development of the Arizona History Museum</p> <p>Vice Mayor Trasoff presented that the Arizona History Museum is asking for pre-development funds (\$1.7 million for architecture and engineering and exhibit plan development with subsequent period funding which in total will not exceed \$6.6 million). However, it's her understanding that the MOU is still being worked on and one item in particular is that City of Tucson/Rio Nuevo District will be the owner of the land and that it is a requirement of the funding. She asked if the museum was okay with that? Ann Woosley, Executive Director for the Arizona Historical Society responded that they are working out the details with the City and they understand the ownership of building and stated that another issue is the distribution of funds. Once the details have been worked out, the item will be scheduled for the full M&C Study Session.</p>	
<p>1. Warehouse District Update</p> <p>Vice Mayor Trasoff presented that she received a letters from Williams and Dames and Susan Gamble, President of WAMO on moving forward and updating the Warehouse Arts District Master Plan. She said that before the warehouses are disposed of, a land use plan needs to be established and they need to ask ADOT to refrain from disposing of any property for 6 months. Council Member Romero was worried about one property in particular (Vel's Catering and Barbeque). They have a For Sale sign in the front of their property.</p> <p>Jim Glock, Director of Transportation said staff continues to talk to ADOT about the properties affected by the last mile of Aviation/Barraza parkway. Vel's Barbeque doesn't fall in the path of any of the options being considered and they (ADOT) are bound by statue to follow specific procedures to dispose of property not needed for a transportation project.</p>	

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<p>Ward 1 and the neighborhood also contacted the ADOT office. The appraisal came in high, but he said perhaps it's because the appraiser thought that the adjacent right-of-way was part of the property when it fact it goes up to the awning of the building. They are dealing with this issue separately.</p> <p>Council Member Romero made a motion to:</p> <ul style="list-style-type: none"> - Ask ADOT for a 6-month reprieve before disposing of any properties in the warehouse district. - Bring to the full Mayor & Council the issue of updating the Warehouse Arts District Master Plan and have an overall land use planning exercise with Downtown Links (the final leg of the Aviation/Barraza) to create an overlay zone and rezone the ADOT properties in conformance with the plan. <p>Vice Mayor Trassoff seconded the motion. Motion passed unanimously (2 to 0).</p>	<p><u>DIRECTOR OF TRANSPORTATION is responsible</u></p>
<p>4. Strategic Plan</p> <p>Fran LaSala, Assistant to the City Manager presented that the Strategic Plan needs to be updated for publication in July or August. He suggested pulling out completed projects from last year's plan and that Council Member Ulrich is having her subcommittee go through past agendas as a start. Each focus area should have a consistent format.</p> <p>Vice Mayor Trasoff said she stated she didn't want to take the accomplishments off of the list and would prefer the following format:</p> <ul style="list-style-type: none"> - Executive Summary to include vision, polices, goals - A list of projects in progress with individual project breakouts and descriptions - Conclude with accomplishments at end. <p>Vice Mayor Trasoff suggested Mr. LaSala send a memo to the other Council Members with the suggestions received to date and see if they agree or have any of their own</p>	
<p>10. Adjournment</p> <p>Vice Mayor Trasoff adjourned the meeting at 7:21 p.m.</p>	